



WASHINGTON, DC

March 24, 2009

STEPHEN D. BARUCH  
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Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20054

FILED/ACCEPTED

MAR 24 2009

Federal Communications Commission  
Office of the SecretaryRe: **Ex Parte Notice**  
**GN Docket No. 09-29**

Dear Ms. Dortch:

On Monday, March 23, 2009, Pradman P. Kaul, Chairman and CEO of Hughes Network Systems, LLC; Dean Manson, General Counsel of Hughes Network Systems, LLC; David Brown, Senior Vice President and General Counsel, WildBlue Communications; and David Leonard, Chief Executive Officer, WildBlue Communications met with Acting FCC Chairman Michael J. Copps. Also in the meeting were the following members of Acting Chairman Copps' staff: Scott Deutchman, acting Senior Legal Advisor for universal service and wireline competition; Paul Murray, Interim Legal Advisor for wireless and international issues; and Jennifer Schneider, Legal Advisor for broadband, universal services, and wireline competition issues. In the meeting, the parties discussed Hughes' broadband deployment strategy, and the implementation of the American Recovery and Reinvestment Act and the Commission's role in that implementation. Additionally, issues related to the aforementioned proceedings were discussed, and the points raised were consistent with the positions set forth in the attached document.

The original and one copy of this notice are provided for inclusion in the referenced docket. Any questions about this matter should be directed to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S.D. Baruch', written over the printed name.

Stephen D. Baruch  
*Counsel for Hughes Network Systems, LLC*

## Attachment

cc: Acting Chairman Michael J. Copps  
Scott Deutchman  
Jennifer Schneider  
Paul MurrayNo. of Copies rec'd 041  
List ABCDE

# Satellite Broadband and the ARRA

March 23, 2009

# Satellite is Ready Now

- ▶ **Satellite is in a first-mover position to demonstrate the impact of the Stimulus Plan.**
- ▶ **Hughes and WildBlue infrastructure is in place and we are prepared to immediately accelerate the rate of adoption**
  - Other carrier infrastructure requires investment and build-out to reach the unserved and underserved areas
  - Hughes and WildBlue can begin offering services today and demonstrate immediate results from the Stimulus Plan



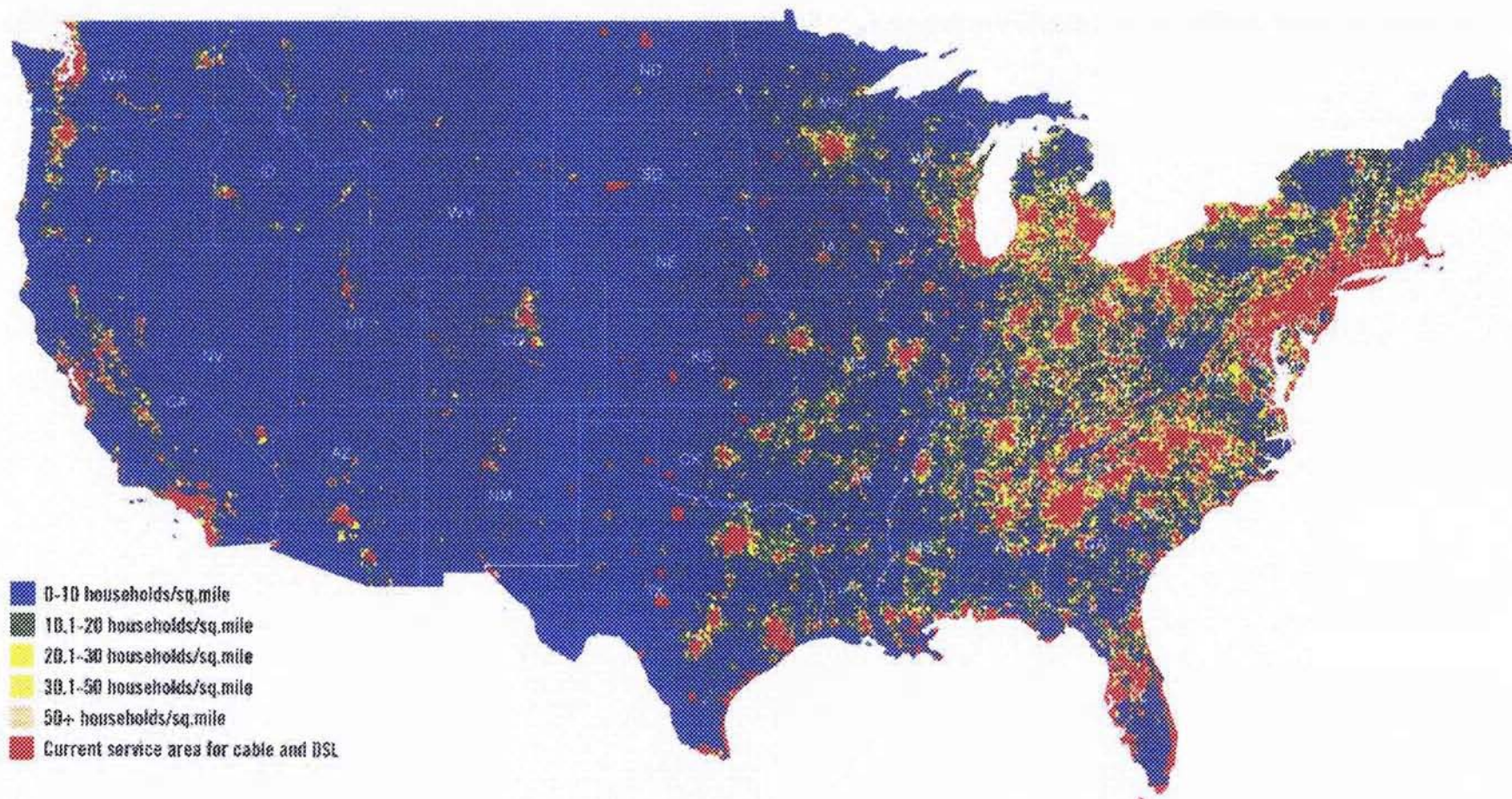
# Satellite Offers True Broadband Speeds

Service Offering	Max Upload Speed	Max Download Speed
<b>HughesNet Offerings</b>		
Home	128 Kbps	1.0 Mbps
Pro	200 Kbps	1.2 Mbps
ProPlus	250 Kbps	1.6 Mbps
Elite	300 Kbps	2.0 Mbps
ElitePlus	300-500 Kbps	3.0 Mbps
Elite Premium	300 Kbps – 1Mbps	5.0 Mbps
<b>WildBlue Offerings</b>		
Value Pak	128 Kbps	512 Kbps
Select Pak	200 Kbps	1.0 Mbps
Pro Pak	256 Kbps	1.5 Mbps





# Terrestrial Broadband Availability Follows Population Density



Source: US Census Bureau Data for population density;  
Mediaprints for cable footprint; Exchange Info for DSL  
information



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# Broad Support for Satellite in Congress

## ► Legislative History of ARRA shows express intention to include satellite

- House version expressly noted eligibility of “satellite companies”
- Final version of bill adopted a “technology neutral” approach, with express reference to eligibility of satellite broadband in Conference Report:

*“It is the intent of the Conferees that, consistent with the public interest and purposes of this section, as many entities as possible be eligible to apply for a competitive grant, including wireless carriers, wireline carriers, backhaul providers, **satellite carriers**. . . .” (p. 274)*

## ► Strong support by Chairman Boucher of Telecom Subcommittee and other Members of Congress

- Letter asked Congressional leaders to “[p]lease do everything you can to include satellite technology in the broadband grant program in the final version of the bill”
- In addition to Chairman Boucher, letter signed by Rep. DeGette, Rep. Salazar and Rep. Cardoza

# **ARRA Goal– Increase Broadband Adoption and Enabling Economic Growth**

- ▶ **US is 17<sup>th</sup> in broadband adoption at 57% overall; 41% in rural areas**
- ▶ **Most effective way to increase overall penetration is to increase rate in rural areas; consistent with Congressional intent**
- ▶ **Key goal of ARRA is job creation and enable economic growth**
  - Jobs created by increasing broadband adoption, not necessarily broadband speed increases
  - June 2007 Brookings Institution report: Each percentage point increase in adoption rate increases employment by 0.2% to 0.3% per year
  - Increasing penetration in rural areas will create jobs and expand economic opportunity in the hardest hit areas of the country
- ▶ **Appropriate oversight requires adoption of the most cost effective method to serve each area; one size fits all solutions are not the answer**
  - Wireline/Wireless: in areas of high population density
  - Satellite: everywhere else

## A Comprehensive National Broadband Strategy Should Utilize the Best Technology in Each Service Area

Technology	Middle Mile (Local Channel)	Last Mile (To Consumer's Home)	Optimal locations; Effect of population density
Fiber to the Home	Per HH costs drop as number of HHs served increases; Significant cost outside cities/suburbs	Very high incremental cost per home served – dependent on distance from POP	Major Metropolitan areas; very high population density required to justify investment
Cable	Per HH costs drop as number of HHs served increases; Significant cost outside cities/suburbs	High incremental cost per home served – dependent on distance from POP and quality of cable plant	Major metropolitan areas; expansion / upgrade economics dependent on population density
DSL	Per HH costs drop as number of HHs served increases; Significant cost outside cities/suburbs	Speed dependant on distance from central office and quality of copper – no more than 18,000 feet of central office	Metro/Suburban; number of HH's within range central office radius drives economics
Fixed Wireless	Costs increase with number of towers, unless towers located at backhaul access points	Towers support approximately 500 subscribers (@\$86k each), dependant on topography and obstructions such as trees	Suburban/Ex-urban; lower population densities may support infrastructure cost (but above 100 HH/sq mile)
Satellite	Network wide traffic aggregated to less than 20 locations driving per sub costs very low	No incremental cost	Rural; economics not impacted by population density



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# FCC Policy and ARRA

- ▶ **Recognition that each technology platform has optimal deployment characteristics**
- ▶ **Support of a technology-neutral approach, with a recognition that satellite platforms may be inadvertently excluded by facially neutral requirements**
- ▶ **Cost-effectiveness, financial stability of provider and economic viability of project absent government support should be primary considerations**
- ▶ **Affordability of the service and penetration rates key in considering whether an area is served by broadband**

# Hughes and WildBlue Considering Joint Applications

- ▶ **Joint application would allow agencies to fund the industry, without “picking a “winner”**
  - Increased capacity would spur more aggressive competition
- ▶ **NTIA Grant**
  - Subsidizes cost to 750,000 new broadband subscribers in 2 years
  - Only Consumers in unserved areas qualify for the subsidy
  - Subsidizes the installation and setup cost
- ▶ **Consumer Offer**
  - \$0 for hardware, \$0 for installation
  - No activation fee
  - Consumer only pays monthly service fee
- ▶ **Application to RUS to Assist in Funding a Next Generation Satellite**
  - Provides capital to construct, launch and insure a next generation satellite
  - Dramatically increased speeds – both upstream and downstream
  - Provides broadband to approximately 2 million rural Americans

# New Job Creation from Hughes and WildBlue Proposal

- ▶ **More than 5,000 new installers**
  - Creates local jobs within Dealer/Installer network
  - Increased field maintenance requirements
- ▶ **Satellite design and manufacturing**
  - 800-1,000 net new jobs per additional satellite
- ▶ **Hundreds of new jobs will be added in marketing, manufacturing, and support**
  - Manufacturing: dish, radios, and modem
  - Sales call center support
  - Dealers and value-added resellers
- ▶ **Gateway construction: accelerate gateway deployment**
- ▶ **Indirect job creation**
  - Enabling broadband service to approximately 150,000 small businesses across underserved America will lead to significant indirect job creation and economic benefit



# Proposal Achieves Goals of ARRA

- ▶ **Satellite currently offers true broadband speeds; next generation satellite services will offer even higher speeds**
- ▶ **Subsidies of customer premises equipment will immediately increase demand / penetration rate in the most rural areas of the country**
- ▶ **Investment in satellite infrastructure crucial to satellite remaining a strong broadband option for rural US**
  - Next generation satellites –much higher capacity and speeds
  - Technology innovations to significantly improve speeds and quality of service
  - Quickest way to provide improved service to the highly rural households
  - Most efficient use of taxpayer dollars – recent NECA study concluded cost of providing DSL to rural areas would be almost \$10.8 Billion – similar numbers for fixed wireless